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# NEWS RELEASE

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## **Cost of Adverse Events/Medical Errors Equal to up to 45% of Health Care Spending**

**NCPA Report in *Health Affairs* April Issue**

**Washington, DC (April 7, 2011)** – The cost of death and injury from medical errors and other adverse events caused by the health care system itself is enormous, according to a new study by the National Center For Policy Analysis. The study is featured in the [April issue](#) of *Health Affairs*, which was released earlier today.

“Every time the health care system spends a dollar trying to heal us, it causes as much as 45 cents worth of harm,” said NCPA President and co-author John C. Goodman.

The study estimates the economic cost of the loss of life and limb at between \$393 to \$958 billion. These amounts are equal to 18 percent to 45 percent of total US health care spending in 2006.

“Your chances of dying from a cause other than the one you were hospitalized for are as high as one in 200. That’s really high when you consider that many federal regulatory agencies regard a one in a million chance of death as a minimally acceptable risk,” said NCPA senior fellow and co-author Pamela Villarreal. Villarreal presented the research earlier today at a Washington, D.C. briefing.

In addition, patients who enter the hospital have a one in 20 chance of getting a hospital-caused infection or other adverse event.

The solution, according to Villarreal, is to “compensate people for their injuries, regardless of cause, and scrap the malpractice system altogether. Using the money we now spend on the malpractice system, compensation for death could be set at \$200,000 and \$20,000 for an injury, depending on severity. This type of compensation system would give hospitals and providers economic incentives to reduce error rates.”

The full report “The Social Cost of Adverse Medical Events and What We Can Do About It” at

<http://content.healthaffairs.org/cgi/content/full/30/4/590?ijkey=tRsISgwN8evoA&keytype=ref&siteid=healthaff>

*Health Affairs Blog* on April issue:

<http://healthaffairs.org/blog/2011/04/07/new-health-affairs-hospital-errors-ten-times-more-common-than-thought/>

NCPA Graduate Student Fellow Biff Jones also co-authored this report.

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(*Editors note: To schedule an interview contact Catherine Daniell.*)

The [National Center for Policy Analysis \(NCPA\)](#) is a nonprofit, nonpartisan public policy research organization, established in 1983. The NCPA's goal is to develop and promote private alternatives to government regulation and control, solving problems by relying on the strength of the competitive, entrepreneurial private sector. Topics include reforms in [health care](#); Medicare and Social Security; [retirement](#); [taxes](#); [small business policy](#); and [energy and environmental](#) regulation.